



Senate

General Assembly

File No. 545

February Session, 2000

Substitute Senate Bill No. 129

Senate, April 12, 2000

The Committee on Appropriations reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

An Act Concerning Hospital Uncompensated Care And A Grant And Assistance Program For Nongovernmental Hospitals.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 19a-671 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 The Commissioner of Social Services is authorized to determine the
4 amount of payments pursuant to sections 19a-670 to 19a-672, inclusive,
5 as amended, for each hospital. The commissioner's determination shall
6 be based on the advice of the office and the application of the
7 calculation in this section. For each hospital the Office of Health Care
8 Access shall calculate the amount of payments to be made pursuant to
9 sections 19a-670 to 19a-672, inclusive, as amended, as follows:

10 (1) For the period April 1, 1994, to June 30, 1994, inclusive, and for
11 the period July 1, 1994, to September 30, 1994, inclusive, the office shall
12 calculate and advise the Commissioner of Social Services of the

13 amount of payments to be made to each hospital as follows:

14 (A) Determine the amount of pool payments for the hospital,
15 including grants approved pursuant to section 19a-168k, in the
16 previously authorized budget authorization for the fiscal year
17 commencing October 1, 1993.

18 (B) Calculate the sum of the result of subparagraph (A) of this
19 subdivision for all hospitals.

20 (C) Divide the result of subparagraph (A) of this subdivision by the
21 result of subparagraph (B) of this subdivision.

22 (D) From the anticipated appropriation to the medical assistance
23 disproportionate share-emergency assistance account made pursuant
24 to sections 3-114i and 12-263a to 12-263e, inclusive, subdivisions (2)
25 and (29) of section 12-407, subsection (1) of section 12-408, section 12-
26 408a, subdivision (5) of section 12-412, subsection (1) of section 12-414
27 and sections 19a-646, 19a-659 to 19a-662, inclusive, and 19a-666 to 19a-
28 680, inclusive, for the quarter subtract the amount of any additional
29 medical assistance payments made to hospitals pursuant to any
30 resolution of or court order entered in any civil action pending on
31 April 1, 1994, in the United States District Court for the district of
32 Connecticut, and also subtract the amount of any emergency assistance
33 to families payments projected by the office to be made to hospitals in
34 the quarter.

35 (E) The disproportionate share payment shall be the result of
36 subparagraph (D) of this subdivision multiplied by the result of
37 subparagraph (C) of this subdivision.

38 (2) For the fiscal year commencing October 1, 1994, and subsequent
39 fiscal years, the interim payment shall be calculated as follows for each
40 hospital:

41 (A) For each hospital determine the amount of the medical

42 assistance underpayment determined pursuant to section 19a-659, plus
43 the [authorized] actual amount of uncompensated care including
44 emergency assistance to families determined pursuant to section 19a-
45 659, less any amount of uncompensated care determined by the
46 Department of Social Services to be due to a failure of the hospital to
47 enroll patients for emergency assistance to families, plus the amount of
48 any grants authorized pursuant to the authority of section 19a-168k.

49 (B) Calculate the sum of the result of subparagraph (A) of this
50 subdivision for all hospitals.

51 (C) Divide the result of subparagraph (A) of this subdivision by the
52 result of subparagraph (B) of this subdivision.

53 (D) From the anticipated appropriation made to the medical
54 assistance disproportionate share-emergency assistance account
55 pursuant to sections 3-114i and 12-263a to 12-263e, inclusive, as
56 amended, subdivisions (2) and (29) of section 12-407, as amended,
57 subsection (1) of section 12-408, as amended, section 12-408a,
58 subdivision (5) of section 12-412, subsection (1) of section 12-414 and
59 sections 19a-646, 19a-659 to 19a-662, inclusive, and 19a-666 to 19a-680,
60 inclusive, as amended, for the fiscal year, subtract the amount of any
61 additional medical assistance payments made to hospitals pursuant to
62 any resolution of or court order entered in any civil action pending on
63 April 1, 1994, in the United States District Court for the district of
64 Connecticut, and also subtract any emergency assistance to families
65 payments projected by the office to be made to the hospitals for the
66 year.

67 (E) The disproportionate share payment shall be the result of
68 subparagraph (D) of this subdivision multiplied by the result of
69 subparagraph (C) of this subdivision.

70 Sec. 2. Section 40 of public act 99-2 of the June special session is
71 repealed and the following is substituted in lieu thereof:

72 (a) The Office of Health Care Access, in consultation with the Office
73 of Policy and Management, may provide [loans to] grants, technical
74 assistance or consultation services, or any combination thereof, to one
75 or more nongovernmental acute care general hospitals as permitted by
76 this section. Such grants, technical assistance or consultation services
77 shall be consistent with applicable federal disproportionate share
78 regulations, as from time to time amended.

79 (b) [Loans] Grants, technical assistance or consultation services, or
80 any combination thereof, provided under [the provisions of] this
81 section may be made to assist [an] a nongovernmental acute care
82 general hospital to develop and implement a plan to achieve financial
83 stability and assure the delivery of appropriate health care services in
84 the service area of [the hospital seeking a loan under this program. The
85 maximum term of any loan authorized pursuant to this section shall
86 not exceed five years] such hospital, or to assist a nongovernmental
87 acute care general hospital in determining strategies, goals and plans
88 to ensure its financial viability or stability. Any such hospital seeking
89 such [loan] grants, technical assistance or consultation services shall
90 prepare and submit to the Office of Health Care Access a plan that
91 includes at least the following: (1) A statement of the [facility's]
92 hospital's current projections of its finances for the [term of the
93 proposed loan] current and the next three fiscal years; (2) identification
94 of the major financial issues which effect the financial stability of the
95 hospital; (3) the steps proposed to study or improve the financial status
96 of the hospital and eliminate ongoing operating losses; (4) plans to
97 study or change the mix of services provided by the hospital, which
98 may include transition to an alternative licensure category; and (5)
99 other related elements as determined by the Office of Health Care
100 Access. Such plan shall clearly identify the amount, value or type of
101 the [loan] grant, technical assistance or consultation services, or
102 combination thereof, requested. Any [loans originated by the state
103 pursuant to this act shall bear interest at a rate agreed to] grants,
104 technical assistance or consultation services, or any combination

105 thereof, provided under this section shall be determined by the
106 Secretary of the Office of Policy and Management [and which will] not
107 to jeopardize the federal matching payments under the medical
108 assistance program and the emergency assistance to families program
109 as determined by the Office of Health Care Access or the Department
110 of Social Services in consultation with the Office of Policy and
111 Management. [The hospital's proposed financial plan must include a
112 plan to repay the loan with interest within five years of initiation.]

113 (c) There is established a [non-lapsing] nonlapsing account, from
114 which [loans] grants, purchases of services of any type or
115 reimbursement of state costs for agency services deemed necessary by
116 the Office of Health Care Access to assist one or more
117 nongovernmental acute care general hospitals under this section shall
118 be made. [Upon receipt of repayment of some or all of said loans, such
119 funds shall be deposited in the General Fund.]

120 (d) The submission of [the] a proposed plan by the hospital under
121 subsection (b) of this section may be considered a letter of intent for the
122 purposes of any certificate of need which may be required to change
123 the [facility's] hospital's service offering.

124 (e) Upon review and approval of the [financial viability] probable
125 significant benefit of a hospital's submitted plan, the Office of Health
126 Care Access may recommend that a [loan] grant be awarded and issue
127 such [loan] grant, or may provide or contract with one or more
128 consultants to provide technical or other assistance or consultation
129 services, or may provide any combination of such grant and assistance
130 that the office deems necessary or advisable.

131 Sec. 3. The unexpended balance of funds appropriated to the Office
132 of Health Care Access under special act 99-10 for the purposes of a
133 distressed hospitals loan program shall be transferred to the hospital
134 grant and assistance program established pursuant to section 40 of
135 public act 99-2 of the June special session, as amended by this act.

136 Sec. 4. This act shall take effect July 1, 2000.

PH Committee Vote: Yea 22 Nay 0 JFS C/R APP

APP Committee Vote: Yea 50 Nay 0 JF

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Yes

Affected Agencies: Office of Health Care Access

Municipal Impact: None

Explanation**State Impact:**

The bill transfers the unexpended balance of monies in the Office of Health Care Access' Distressed Hospital Loan Program account to a newly created Hospital Grant and Assistance Program, effective July 1, 2000.

The sum of \$8 million was originally appropriated from the FY 99 General Fund surplus (Section 43, SA 99-10) to support loans to acute care general hospitals. SA 00-01, "An Act Concerning the Tax Rebate Program," transferred \$3 million of this sum to the Department of Revenue Services for the tax rebate program.

Under the bill, the remaining \$5 million will be transferred to a Hospital Grant and Assistance Program, to support grants, technical assistance, consultation services, or any combination of these, for one or more nongovernmental hospitals. These dollars will continue to be nonlapsing.

Requiring grant awards to be consistent with federal disproportionate share regulations ensures continued receipt of approximately \$160 million in annual Medicaid reimbursement.

The House version of the Revised FY 01 Appropriations Act earmarks \$2 million from the Distressed Hospital Loan Program account to be transferred to the Hospital Grant and Assistance Program.

However, no provision has been made within the Senate Budget for a Hospital Grant and Assistance Program. Instead, the Senate version calls for \$4 million of the balance under the Distressed Hospital Loan Program account to be carried forward and then transferred to the Department of Social Services to offset Medicaid expenditures. A corresponding reduction is made in the Senate Budget under the Medicaid account to reflect this transfer.

Other changes in the bill are technical in nature and have no associated fiscal impact.

OLR Bill Analysis

sSB 129

**AN ACT CONCERNING HOSPITAL UNCOMPENSATED CARE AND
A GRANT AND ASSISTANCE PROGRAM FOR
NONGOVERNMENTAL HOSPITALS.****SUMMARY:**

This bill changes the Office of Health Care Access' (OHCA) hospital loan program to one that provides grants, technical assistance, or consultation services to the state's nongovernmental acute care general hospitals. (John Dempsey Hospital would not be eligible.) The current loan program assists acute care hospitals in (1) developing and implementing plans to achieve financial stability and (2) assuring appropriate health care delivery in their service areas. The bill provides that the new program can also assist a hospital in determining strategies, goals, and plans to ensure its financial stability or viability.

Similar to the loan program, a hospital seeking a grant, technical assistance, or consultation services must submit a plan to OHCA. Under the bill, the plan must include (1) the hospital's projections of its finances for the current and next three fiscal years (instead of for the term of the loan); (2) the major financial issues affecting its financial stability; (3) proposed steps to study or improve its financial status and eliminate ongoing operating losses; (4) plans to study or change the service mix of the hospital, including changing to an alternative licensure category; and (5) other related elements as determined by OHCA. The plan must clearly identify the amount, value or type of the grant, technical assistance, consultation services, or combination of these requested.

Any grants, technical assistance or consultation services provided to the hospital must be determined by the Office of Policy and Management (OPM) not to jeopardize federal matching payments under the medical assistance and emergency assistance to families

programs as determined by the Department of Social Services or OHCA, in consultation with OPM.

Current law establishes a nonlapsing account from which the loans are made. Under the bill, the account is for the grants, purchases of services, or reimbursement of state costs for agency services determined necessary by OHCA to assist the hospitals.

The bill authorizes OHCA to award a grant or provide or contract with consultants for technical assistance or consultation services that it deems necessary or advisable after review and approval of the probable significant benefit of the hospital's plan. Currently, OHCA can recommend loans to hospitals based on review and approval of the financial viability of the hospital's plan.

The bill specifies that the unexpended balance of funds appropriated to OHCA for the hospital loan program must be transferred to the hospital grant and assistance program established by the bill.

Finally, the bill makes technical changes concerning calculations for payments to hospitals for uncompensated care.

EFFECTIVE DATE: July 1, 2000

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute Change of Reference

Yea 22 Nay 0

Appropriations Committee

Joint Favorable Report

Yea 50 Nay 0